

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 389

February 5, 2017

SUMMARY OF BILL: Authorizes the City of McMinnville to levy a hotel occupancy tax, not to exceed three percent of the consideration charged by the operator, subject to the adoption of an ordinance by a two-thirds vote of the municipal legislative body.

ESTIMATED FISCAL IMPACT:

Increase Local Revenue – \$77,400/Permissive

Assumptions:

- According to the Department of Health, there are four hotels in the City of McMinnville, with a total of 157 rooms.
- According to the Nashville Convention and Visitors Bureau, the 2015 hotel occupancy rate in Davidson County was 74.0 percent. According to the PricewaterhouseCoopers LLP, the national hotel occupancy rate for 2015 was 65.4 percent, and is estimated to have been 65.4 percent in 2016. The national hotel occupancy rate is further estimated to be 64.9 percent in 2017.
- Estimate assumes the occupancy rate in the City of McMinnville is 60.0 percent.
- There will be approximately 34,383 nightly rentals each year in McMinnville (157 rooms x 365 days x 60.0% occupancy rate).
- The average hotel room rate is estimated to be \$75 per night.
- The City of McMinnville will impose a three percent hotel occupancy tax upon passage of this legislation.
- The permissive recurring increase in local government revenue is estimated to be \$77,362 (34,383 nightly rentals x \$75 per night x 3.0% occupancy tax rate).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee".

Krista M. Lee, Executive Director

/bs